

IOWA Department of REVENUE

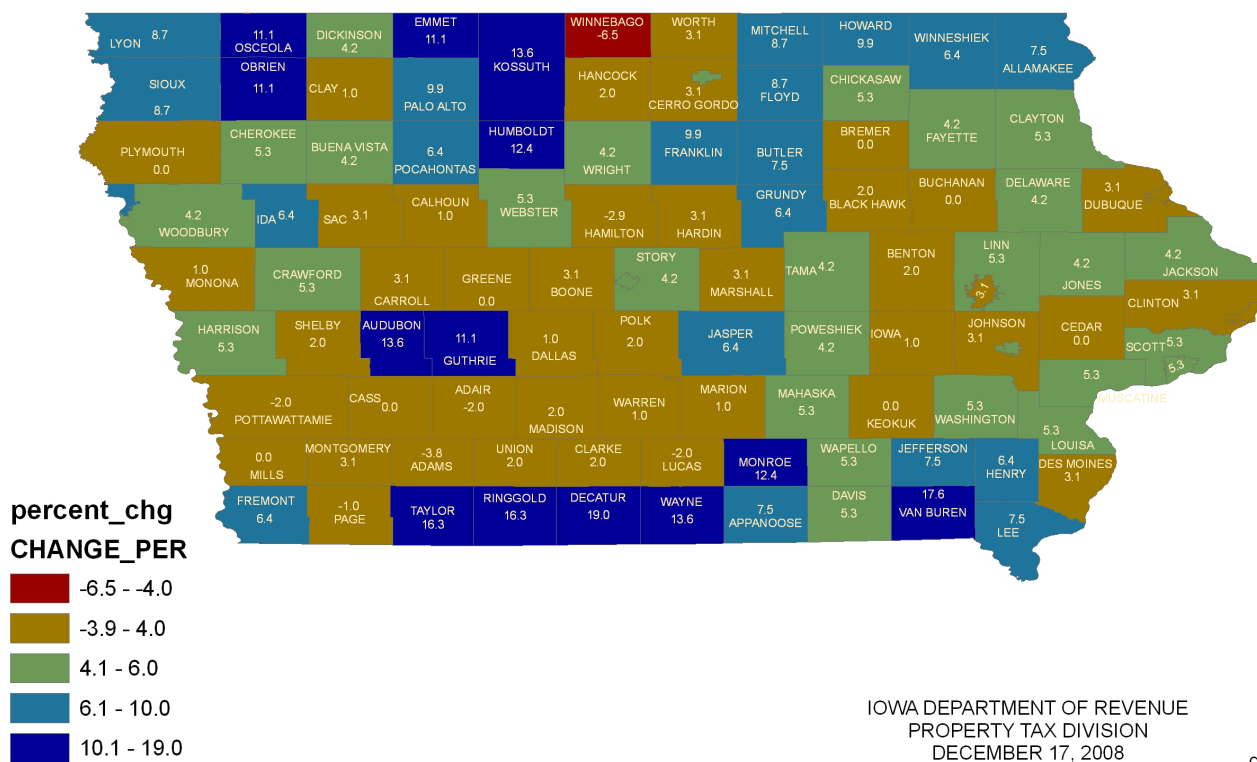
OVERVIEW OF 2009 ASSESSMENT TRENDS

RESIDENTIAL

Reassessment occurs in odd-number years, therefore, all properties are subject to reappraisal and equalization in 2009. The IDR examines sale price studies in each county to determine the level of assessment. We receive reports of revaluation from each assessor to check if the assessor has reached the statutory requirement of being within 5 percent of market value. The residential market has been very stable during 2008, so we do not anticipate much change in assessments this year.

The following map shows the amount of change required to bring current assessment to 100 percent of market based on sales received by mid December:

2009 Assessment Change Required to Reach 100% Market Value (not all of last quarter sales have been processed and will have some impact on change estimates)



If the difference between assessment and market is more than plus or minus 5 percent after assessor and board of review revaluation, an equalization order will be issued.

COMMERCIAL

We are seeing some indication of a downward trend in value for commercial properties in the last quarter. Our primary indicator is the assessment to sale price ratio statistics. The state sales database has been designed for equalization and does not currently contain property characteristics. However, we are able to study the influence of time and location and use this information in our equalization process.

The following chart shows the median assessment to sale price ratio by quarter for the entire state. The ratio is trending higher which is an indication of a weaker market in the last quarter of 2008.

Commercial Sales	2007Q3	2007Q4	2008Q1	2008Q2	2008Q3	2008Q4	Total number of sales	Overall Median
Statewide	92%	92%	94%	90%	92%	99%	2623	0.92

The IDR does appraisals to supplement sales for the smaller counties to provide an adequate sample size. These appraisals are added to the sales file to stabilize the equalization process. The following chart reflects the combination of sales and appraisals.

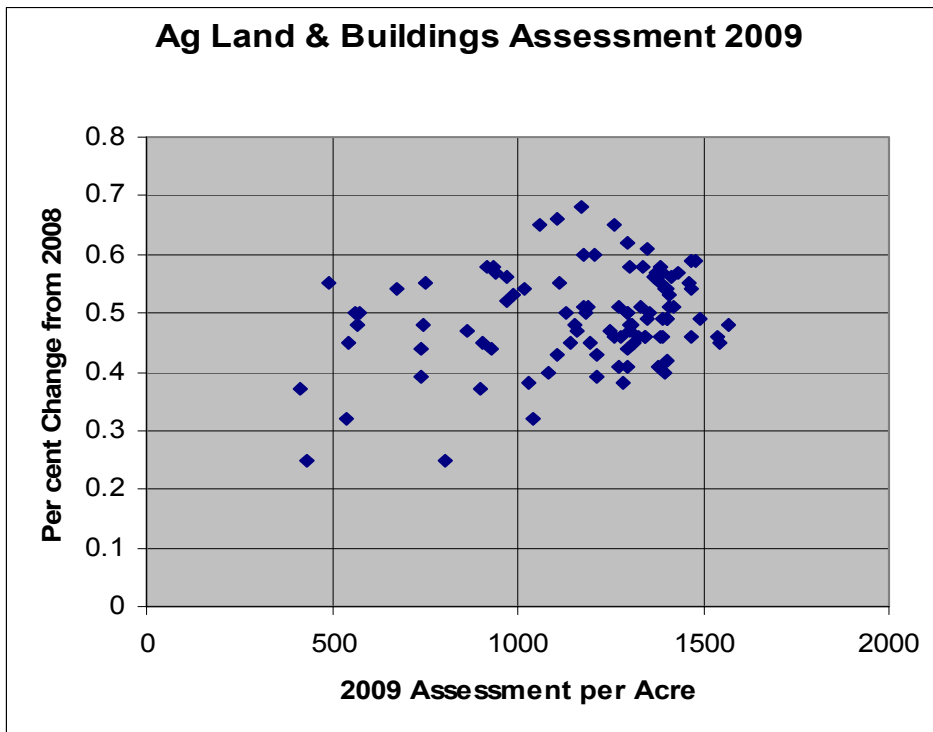
REGION	2007Q3	2007Q4	2008Q1	2008Q2	2008Q3	2008Q4	Total Number of sales	Median for a year and one-half
Statewide	92%	92%	94%	90%	92%	99%	3697	97%
Central	95%	94%	92%	94%	95%	99%	548	95%
North Central	91%	91%	93%	89%	91%	98%	493	97%
Northeast	98%	81%	87%	85%	79%	100%	478	96%
Northwest	89%	96%	91%	90%	87%	98%	614	95%
South Central	82%	88%	77%	93%	80%	99%	278	98%
Southeast	93%	95%	99%	91%	94%	101%	1012	98%
Southwest	86%	86%	101%	83%	99%	97%	274	96%

The far right column (Median for a year and one-half) is a good indicator that there will be little change in commercial assessments in 2009.

AGRICULTURAL

Preliminary Estimate

The scattergram below indicates the percent change for counties from 2008 to 2009 for agricultural land and buildings.



Percent change = (2009 Total assessment) divided by (2008 total assessment) minus 1*

Average 49 percent increase from \$792 per acre to \$1,181 per acre statewide

Minimum 25 percent

Maximum 68 percent

Taxable value will be limited to a 4 percent increase statewide.

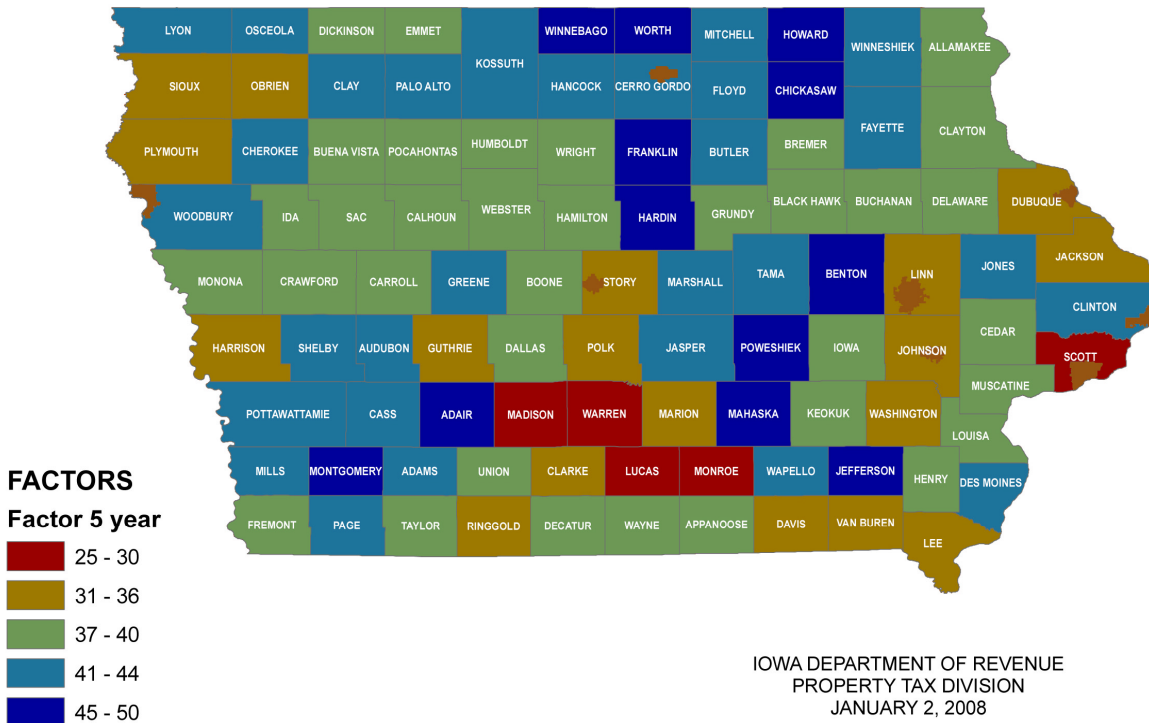
The assessment limitation factor (rollback) will go from 93.8568 percent in 2008 to about 65 percent in 2009.

*Estimates will change slightly because final 2007 crop prices have not been set for each region, and the US Census data on pasture and total acres is not available yet.

The IDR has discussed the formula for calculating the ag building factor with farm organizations. The rule states that productivity should be divided by the market. We will use five years of market data to match the five years of productivity data in 2009. This has the impact in 2009 of moving the average building factor from 30 percent (using one year of market) to 39 percent (using five years of market). A new building would be assessed at 39 percent of cost versus 30 percent of cost on average. Over the 30-year period, the 5-year average market resulted in 3 percent higher ag factor than the 1-year market and was more moderate with a range of 34 - 66 percent versus the 1-year market factor range of 27 -73 percent.

The following thematic map shows the preliminary 2009 ag factors ranges by county.

2009 ESTIMATED AG BUILDING FACTORS Using 5 years of Market



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The impact will vary greatly by county and by taxpayer. The lower rollback factor will substantially soften the large increases in land assessments. The building assessments will receive the same rollback and will likely result in most farm building assessments having a lower taxable value than the previous year.

Dale Hyman, Administrator
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